

**COUNTY OF SAN BERNARDINO
CALIFORNIA
AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION
FINANCIAL STATEMENT**

JUNE 30, 2012

County of San Bernardino
Agua Mansa Industrial Growth Association
Financial Statement
June 30, 2012

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An Independent CPA Firm

Boardmembers
Agua Mansa Industrial Growth Association
County of San Bernardino

Independent Auditors' Report

We have audited the accompanying financial statement of the fiduciary-type activity of the Agua Mansa Industrial Growth Association (AMIGA), as of and for the year ended June 30, 2012, as listed in the table of contents. This financial statement is the responsibility of AMIGA's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of the fiduciary-type activities of AMIGA as of June 30, 2012, in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Management has not presented Management's Discussion and Analysis that government accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the AMIGA's basic financial statement taken as a whole. The changes in fiduciary net assets - agency fund schedule as identified in the accompanying table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statement. The changes in fiduciary net assets - agency fund schedule is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

David L. Gruber and Associates, Inc.

David J. Gruber and Associates Inc.

Huntington Beach, California
November 05, 2012

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION
Statement of Fiduciary Net Assets - Agency Fund

June 30, 2012

Assets:	
Cash and investments (note 2)	\$ 304,346
Interest receivable	<u>324</u>
Total assets	<u>\$ 304,670</u>
Liabilities:	
Due to fiscal agent	<u>\$ 304,670</u>
Total liabilities	<u><u>\$ 304,670</u></u>

See accompanying notes to basic financial statement.

**County of San Bernardino
Agua Mansa Industrial Growth Association
Notes to the Basic Financial Statement
June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Agua Mansa Industrial Growth Association (AMIGA) conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Agua Mansa Industrial Growth Association (AMIGA) was established under a Joint Powers Agreement by the County of San Bernardino, the County of Riverside, the City of Colton, the City of Rialto, and the City of Riverside (Jurisdictions) on May 17, 1985. The Jurisdictions utilizes joint powers to manage, coordinate, market, and administer economic development programs and projects in the Agua Mansa Enterprise Zone (Zone) area. The Zone comprises specific areas within each of the five jurisdictions.

AMIGA is authorized and empowered to contract with all the other parties for the joint exercise of powers under Article I, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, Sections 6500 et seq. AMIGA is self-governed by an Executive Committee which is comprised of one member appointed by each jurisdiction. The County of San Bernardino is the administrative agency. AMIGA Executive Committee adopted resolution 2003-04 to establish and act as the legislative body for the AMIGA Community Facilities District No. 2001-1 (CFD), The Zone and the area served by the CFD are geographically the same. In July 2003, bonds were issued under the Mello – Roos Community Facilities Act of 1982 to stimulate private investment in business and industrial growth in the Zone (Bonds) on the behalf of the CFD. AMIGA provides administrative services to the CFD.

The Agua Mansa Enterprise Zone sunset on October 14, 2006. The final distributions to the JPA Jurisdictions occurred in fiscal year 2009. The AMIGA Executive Committee continues to meet annually for the sole purpose of approving the tax levy for the Bonds.

Measurement focus, basis of accounting, and financial statement presentation

Financial statements of fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans.

AMIGA reports one major fiduciary fund, which accounts for the special assessment revenue received and the subsequent pass through of this revenue to the fiscal agent for debt service and administrative payments. Agency funds are used to account for assets held by an entity as an agent for individuals, private organizations, other governments or other funds or both. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

County of San Bernardino
Agua Mansa Industrial Growth Association
Notes to the Basic Financial Statement
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH

AMIGA's cash is deposited with the Treasurer of the County of San Bernardino, who pool and invest the cash for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the agency fund based upon the fund's average daily deposit balance during the allocation period.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of the County's investment policy and disclosures related to the investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

NOTE 3: SPECIAL ASSESSMENT ACCOUNTING – 1982 ACT BONDS

The Bonds were issued in July 2003 in the amount of \$12,705,000. As of June 30, 2012, the outstanding principal is \$9,830,000.

The Bonds are not the liability of AMIGA and therefore the Bonds do not appear in the accompanying financial statement. The Bonds are payable for the net proceeds, after payment of certain administrative expenses, from an annual Special Tax that is levied and secured by a continuing lien against all nonexempt property located within the CFD. US Bank is the Fiscal Agent of the bond proceeds. Amounts levied on parcels within the County of San Bernardino are immediately transferred to the Fiscal Agent for payment of the Bonds and administrative expenses for AMIGA.

NOTE 4: INSURANCE POLICY

AMIGA has directors and officers liability coverage of \$1 million for each claim and \$1 million in the aggregate.

NOTE 5: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 5, 2012, the date the financial statements were available to be issued.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 AGUA MANSA INDUSTRIAL GROWTH ASSOCIATION
 Schedule of Changes in Fiduciary Net Assets -Agency Fund

Year ended June 30, 2012

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2012</u>
Assets:				
Cash and Investments	\$ -	304,346	-	304,346
Interest Receivable	<u>853</u>	<u>324</u>	<u>853</u>	<u>324</u>
Total assets	<u>\$ 853</u>	<u>304,670</u>	<u>853</u>	<u>304,670</u>
Liabilities:				
Due to fiscal agent	<u>\$ 853</u>	<u>304,670</u>	<u>853</u>	<u>304,670</u>
Total liabilities	<u>\$ 853</u>	<u>304,670</u>	<u>853</u>	<u>304,670</u>